

**BIG BROTHERS/BIG SISTERS
OF SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/8/11

Contents

	Page
Independent Auditors' Report	2
Financial Statements:	
Statement of Financial Position	3-4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-12
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i>	13-14
Schedule of Findings	15
Schedule of Prior Year Findings	16
Management's Corrective Action Plan	17

McMullen and Mancuso

Certified Public Accountants, LLC

P.O. Box 202

Lisa F. McMullen, CPA

3600 Maplewood Drive

Telephone (337) 625-5054

Pamela C. Mancuso, CPA

Sulphur, Louisiana 70663

Fax (337) 625-5849

INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers/Big Sisters of
Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Big Brothers/Big Sisters of Southwest Louisiana, Inc. (a non-profit organization) as of December 31, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated April 1, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Big Brothers/Big Sisters of Southwest Louisiana, Inc. as of December 31, 2010 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2011 on our consideration of Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

May 18, 2011

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2010
with comparative totals for 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents (Note J)	\$ 306,647	\$ 232,378
Investments (Note K)	-	200,000
Unconditional promises to give (Note H)	53,596	91,123
Less allowance for uncollectible pledges	-	-
Grants receivable	32,849	-
Accrued interest receivable	-	2,776
Accrued video revenue	960	880
Prepaid expenses	19,238	27,712
Total current assets	<u>413,290</u>	<u>554,869</u>
 PROPERTY AND EQUIPMENT (Note A-5)		
Furniture and equipment	114,690	114,906
Leasehold improvements	8,494	8,494
Building	416,234	416,234
Building improvements	<u>222,837</u>	<u>222,630</u>
	762,255	762,264
Less accumulated depreciation	<u>(282,363)</u>	<u>(261,737)</u>
	479,892	500,527
Land	20,052	20,052
Donated interest in timeshare	14,500	-
Net property and equipment	<u>514,444</u>	<u>520,579</u>
 Total Assets	<u>\$ 927,734</u>	<u>\$ 1,075,448</u>

The accompanying notes are an integral part of these statements.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2010
with comparative totals for 2009

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Income tax payable	\$ 132	\$ 3,481
Accounts payable-trade	23,681	8,760
Accrued expenses	1,126	1,966
Deferred support (Note F)	4,325	3,900
Total current liabilities	<u>29,264</u>	<u>18,107</u>
Total liabilities	<u>29,264</u>	<u>18,107</u>
NET ASSETS		
Unrestricted		
Operating	363,356	463,965
Fixed Assets	479,892	500,527
Total unrestricted net assets	<u>843,248</u>	<u>964,492</u>
Temporarily restricted	55,222	92,849
Total net assets	<u>898,470</u>	<u>1,057,341</u>
Total Liabilities and Net Assets	<u>\$ 927,734</u>	<u>\$ 1,075,448</u>

The accompanying notes are an integral part of these statements.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2010
with comparative totals for 2009

	2010			2009
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
REVENUE, GAINS AND OTHER SUPPORT				
United Way of Southwest Louisiana	\$ -	\$ 53,596	\$ 53,596	\$ 91,123
Grants and service fees	511,910	-	511,910	400,953
Contributions	27,625	-	27,625	23,356
In-kind contributions	15,000	-	15,000	-
Investment earnings	4,602	-	4,602	9,108
Other	1,710	-	1,710	1,832
Bingo revenues	652,899	-	652,899	863,687
Fund-raising/special events	151,668	-	151,668	138,310
Total revenues and gains	1,365,414	53,596	1,419,010	1,528,369
Net assets released from restrictions	91,123	(91,123)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,456,537	(37,527)	1,419,010	1,528,369
EXPENSES AND LOSSES				
Program service-community services	918,158	100	918,258	887,419
Management and general	52,349	-	52,349	37,946
Fund-raising/special events	39,280	-	39,280	34,038
Bingo	567,994	-	567,994	791,123
TOTAL EXPENSES AND LOSSES	1,577,781	100	1,577,881	1,750,526
CHANGE IN NET ASSETS	(121,244)	(37,627)	(158,871)	(222,157)
NET ASSETS AT BEGINNING OF YEAR	964,492	92,849	1,057,341	1,279,498
NET ASSETS AT END OF YEAR	\$ 843,248	\$ 55,222	\$ 898,470	\$ 1,057,341

The accompanying notes are an integral part of these statements.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2010
with comparative totals for 2009

	Program Services	Supporting Services			Total Program and Supporting Service Expense	
		Management and General	Fund Raising	Bingo	2010	2009
		2010				
Activities	\$ 407	\$ -	\$ -	\$ -	\$ 407	\$ 2,610
Bank fees	91	5	6	3,413	3,515	3,882
Bingo awards and progressive	-	-	-	390,460	390,460	552,245
Contract labor	26,539	1,491	1,789	-	29,819	68,327
Dues	10,176	572	686	-	11,434	10,442
FGP program	200,767	-	-	-	200,767	184,540
Hospitalization/health benefits	62,233	3,346	4,015	-	69,594	55,176
Insurance	24,832	1,396	1,674	3,383	31,285	35,322
Meeting and training	785	45	53	-	883	3,285
Miscellaneous	1,246	70	84	-	1,400	680
Office supplies	4,648	195	234	506	5,583	13,768
Other programs	3,096	-	-	-	3,096	5,191
Payroll taxes	23,926	1,344	1,613	2,992	29,875	30,627
Postage	3,431	193	231	-	3,855	4,784
Printing	-	-	-	-	-	292
Professional fees	10,093	567	680	1,176	12,516	10,064
Professional fees - DOJ grant	140,744	-	-	-	140,744	31,915
Publicity and promotion	-	-	-	-	-	-
Rent and occupancy	4,697	132	158	46,600	51,587	71,731
Rental and maintenance	4,100	230	276	-	4,606	10,799
Retirement	21,396	1,116	1,340	-	23,852	44,031
Salaries	299,253	38,155	22,252	39,107	398,767	399,446
Security	-	-	-	6,480	6,480	9,945
Supplies	10,825	540	648	50,911	62,924	76,090
Taxes and licenses	-	-	-	22,966	22,966	26,899
Telephone	14,512	815	978	-	16,305	19,106
Travel and transportation	20,012	425	510	-	20,947	35,141
Utilities	8,499	479	573	-	9,551	7,095
Total before depreciation and bad debt expense	896,308	51,116	37,800	567,994	1,553,218	1,713,433
Depreciation	21,950	1,233	1,480	-	24,663	26,168
Bad debt expense	-	-	-	-	-	10,925
TOTAL EXPENSES	\$ 918,258	\$ 52,349	\$ 39,280	\$ 567,994	\$ 1,577,881	\$ 1,750,526

The accompanying notes are an integral part of these statements.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF CASH FLOWS

Year ended December 31, 2010
with comparative totals for 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (158,871)	\$ (222,157)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	24,663	26,168
Bad debt	-	10,925
In-kind contribution of property	(14,500)	
(Increase) decrease in operating assets		
Grants receivable	(32,849)	14,030
Accrued video revenue	(80)	2,311
Accrued interest receivable	2,776	5,349
Prepaid expenses	8,474	(6,889)
Unconditional promises to give	37,527	100,540
Pledges receivable	-	-
Increase (decrease) in operating liabilities		
Accounts payable-trade	14,921	(5,415)
Deferred support	425	(8,200)
Accrued expenses	(840)	1,011
Income tax payable	(3,349)	(951)
NET CASH FROM OPERATING ACTIVITIES	<u>(121,703)</u>	<u>(83,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	-	-
Redemption of certificates of deposit	200,000	250,000
Purchase of DeRidder building and improvements	-	(38,962)
Payments for property, equipment and improvements	(4,028)	(7,409)
NET CASH FROM INVESTING ACTIVITIES	<u>195,972</u>	<u>203,629</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>74,269</u>	<u>120,351</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>232,378</u>	<u>112,027</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 306,647</u>	<u>\$ 232,378</u>

Supplemental Disclosure:

Income tax paid in the year ended December 31, 2010 was \$19,213.

Income tax paid in the year ended December 31, 2009 was \$26,899.

The accompanying notes are an integral part of these statements.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Organization and Purpose

Big Brothers/Big Sisters of Southwest Louisiana, Inc. is a not-for-profit organization whose main purpose is to provide children from single-parent homes with the confidence and desire to develop into loving and productive adults through the warmth and friendship of a caring adult volunteer. The Organization's purpose is carried out through three offices located throughout Southwest Louisiana.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

5. Property and Equipment

The Organization follows the practice of capitalizing all furniture and fixtures acquired in excess of \$250. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$24,663 for the year ended December 31, 2010, based on an estimated useful life of five years for equipment and forty years for buildings.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Concentration of Revenue and Support

A majority of the revenue for the Organization's programs is provided by bingo revenues (45%) and by various donors through contributions and fundraisers. If the Organization no longer held the bingo sessions, or there were significant reductions in amounts received by donors, the operations of the Organization could be adversely impacted.

7. Public Support and Revenue

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or the grantor.

The Organization receives funding primarily from the United Way of Southwest Louisiana individual contributions, fundraisers, grants, bingo revenues, interest, and other income.

8. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

9. Advertising Costs

Advertising costs are charged to operations when incurred. For the year ended December 31, 2010, the Organization incurred \$139,383 in advertising costs for the agency and other affiliates throughout the State of Louisiana. A grant received through the United States Department of Justice, Office of Juvenile Justice and Delinquency Prevention, funded the program.

10. Contributed Services

During the year ended December 31, 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assists the Organization, but these services do not meet the criteria for recognition as contributed services.

11. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE B -- FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, and note payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term investments: The fair value of investments is based on quoted market prices for those similar investments.

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return based on the yield of a U.S. Treasury Security with a maturity date similar to the expected collection period.

NOTE C -- FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

NOTE D -- INCOME TAXES

Big Brothers/Big Sisters of Southwest Louisiana, Inc. was incorporated under the laws of the state of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. The Organization is subject to income tax on unrelated business income which includes the net pull tab profit received from the bingo operations. Income tax amounted to \$19,345 for the year ended December 31, 2010.

NOTE E -- RETIREMENT PLAN

The Organization participated in a defined contribution retirement plan that covers all full-time employees fulfilling the eligibility requirements set by the plan underwriter (Mutual of America). Contributions to the plan were reduced from twelve percent (12%) to three percent (3%) of gross wages during the year, and amounted to \$23,852 for the year ended December 31, 2010. In compliance with the requirements of the Tax Reform Act of 1986, the Board of Directors on September 17, 1997 voted to amend its retirement plan. On March 20, 1998, the Internal Revenue Service issued a favorable determination letter regarding this amendment.

NOTE F -- DEFERRED SUPPORT

Deferred support in the unrestricted fund includes \$4,325 received in the current year for contributions made to support the 2011 Bowl for Kids Sake. These receipts are reported as deferred items until the event takes place.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE G – COMPENSATED ABSENCES

Employees of Big Brothers/Big Sisters of Southwest Louisiana, Inc. are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service and other factors. The value of these compensated absences was not recorded due to their immateriality. The Organization's policy is to recognize the costs of those compensated absences when actually paid to employees.

NOTE H - UNCONDITIONAL PROMISES TO GIVE

During the year ended December 31, 2010, the Organization received its United Way allocation of \$53,596 for the period January through June 2011. This allocation is temporarily restricted as to time of receipt and is properly reflected in the accompanying Statement of Activities as an increase in temporarily restricted net assets. Uncollectible allocations are expected to be insignificant.

NOTE I – LEASES

The Organization conducts its bingo sessions at a facility owned by the Calcasieu Parish Voluntary Council on Aging, Inc. (CCOA). Rent is paid to CCOA for each bingo session held. Lease expense was \$46,600 for the year ended December 31, 2010.

NOTE J – CASH AND CASH EQUIVALENTS

The Organization maintains the following cash accounts:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Cash on Hand- Gaming	\$ 4,000	\$ 4,000
Petty Cash Accounts	1,000	1,000
Operating Account	80,022	77,996
Savings Account	197,987	125,242
* Bingo Account	23,638	24,140
	<u>\$ 306,647</u>	<u>\$ 232,378</u>

* The Organization is required to maintain a separate bank account for the gaming (Bingo) account.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE K – INVESTMENTS

The Organization had the following investments at December 31, 2010 and 2009:

	Market Value	
	2010	2009
J.P. Morgan Chase Bank		
Certificate of Deposit	-	200,000
Total Investments	\$ -	\$ 200,000

NOTE L – CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of promises to give receivable. Amounts receivable from promises to give at December 31, 2010 consists of \$53,596 from the United Way of Southwest Louisiana.

NOTE M – FUND-RAISING EXPENSE

Fund-raising expenses related to the Bowl for Kids Sake event and the golf tournament totaled \$38,643, or 20% of the total special events revenues. Special events are shown net of these costs on the Statement of Activities for the year ended December 31, 2010 and 2009. The amount of salaries and related payroll taxes, and other expenses allocated to fund-raising are not included in the above total.

NOTE N – SUBSEQUENT EVENT

Subsequent events were evaluated through May 18, 2011, which is the date the financial statements were available to be issued.

McMullen and Mancuso
Certified Public Accountants, LLC
P.O. Box 202

Lisa F. McMullen, CPA
Pamela C. Mancuso, CPA

3600 Maplewood Drive
Sulphur, Louisiana 70668

Telephone (337) 625-5054
Fax (337) 625-5849

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Big Brothers/Big Sisters of Southwest Louisiana, Inc.
Lake Charles, LA

We have audited the financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated May 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses [2010-1, 2010-2, and 2010-3].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s responses, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

May 18, 2011

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

SCHEDULE OF FINDINGS

Year Ended December 31, 2010

We have audited the financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. for the year ended December 31, 2010, and have issued our report thereon dated May 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Section I – Summary of Auditor's Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II – Financial Statement Findings

- 2010-1** Because of the size of the Organization and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.
- 2010-2** The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.
- 2010-3** During the audit, we recommended several adjusting journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process. The Director of Finance should determine that all transactions have been recorded and posted and review the transactions for completeness by scanning the ending balances and transactions posted to each general ledger account. The auditors will assist in preparing entries that were not performed.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2010

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2009-1 Because of the size of the Organization and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.	Unresolved.
2009-2 The Organization does not have a staff person who has qualifications/training to apply GAAP in recording transactions or preparing financial statements.	Unresolved.
SECTION II - MANAGEMENT LETTER	
There were no prior year management letter comments.	

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

CURRENT YEAR FINDINGS, RECOMMENDATIONS AND CORRECTIVE ACTION PLAN

Year Ended December 31, 2010

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>2010-1</u>	Unknown	Because of the size of the Organization and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.	No	Management is aware of the internal control problem and determined it is not cost effective to achieve complete segregation of duties in the accounting department. For the size of the Organization, it has segregated as many duties as possible.	Dana Forrest	N/A
<u>2010-2</u>	Unknown	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Dana Forrest	N/A
<u>2010-3</u>	2010	We recommended several adjusting journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process.	No	The Director of Finance will make accruals and other adjustments required in the annual closing process.	Dana Forrest	12/31/2011